



Washington State Department of Agriculture News Release

For immediate release: July 11, 2001 (01-25)

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WASHINGTON STATE DEPARTMENT OF AGRICULTURE

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Bonding changes proposed to protect Washington agricultural producers

OLYMPIA — Proposed changes to state law would better protect Washington agricultural producers if the companies they do business with have financial problems or declare bankruptcy. Warehouses, packers and other handlers will be required to post larger bonds to protect Washington state producers if changes proposed by the state Department of Agriculture are adopted by the 2002 Legislature. Ideas and reactions to the proposed changes will be heard at seven public meetings between July 31 and Aug. 8. (See list at end.)

Typically companies handling agricultural produce post surety bonds that pay a proportion of losses to growers if the companies face financial problems. However, the formula for calculating the bond amount has not changed for years and is not sufficient. For example, after recent failures of a seed plant and a potato processing plant, growers received compensation of only pennies per dollar lost.

If the changes are approved, a produce dealer doing \$49 million in business in Washington will have to purchase a bond worth approximately \$4 million, a significant increase over the current requirement of \$140,000. The changes also would:

- Establish one formula for calculation of bond values instead of three
- Change the definitions and language to include seed dealers as licensees under the Commission Merchants Act
- Change the time periods for filing claims for hay or straw from 20 days to 30 days. Claims for hay or straw would be paid on a prorated basis instead of a first-come, first served basis.
- Grower cooperatives, which are now exempted from licensing and bonding, would no longer be exempt.

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Commission Merchant Program staff at the state Department of Agriculture has been working with an industry advisory group for the last year to identify and develop the changes.

Meetings will be held in:

- **Vancouver** – 2 p.m. July 31 at City Hall, Office of Neighborhoods conference room, 1st Floor, 210 East 13th St.
- **Everett** – 9 a.m. Aug 1 at The Electric Building, Room TC-1A, 2320 California St.
- **Tacoma** – 2 p.m. Aug 1 at Tacoma Rhodes Center, 950 Broadway, Room 504.
- **Ephrata** – 9 a.m. Aug. 7 at the County Courthouse, 2nd floor Multi-purpose room, 37 "C" St.
- **Wenatchee** – 2 p.m. Aug 7 at City Hall, 129 So. Chelan.
- **Richland** – 9 a.m. Aug 8 at County Commissioner meeting room, Suite "B," 1766 Fowler St.
- **Yakima** – 2 p.m. Aug 8 at the Department of Agriculture, 2nd floor conference room "A," 21 N. 1st Ave.

For a copy of the proposed changes, call the state Department of Agriculture in Olympia at (360) 902-1854, in Yakima at (509) 225-2516, or send e-mail to commerch@agr.wa.gov.

The Commission Merchant Program protects producers, buyers and sellers of agricultural products against illegal business practices. Commission merchants, dealers, brokers, cash buyers and agents in the state must be licensed and in some cases bonded to protect producers. The program is funded by licensing and investigation fees.

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